

THE PRESIDENT'S INTELLIGENCE CHECKLIST

23 JULY 1962
~~TOP SECRET~~

1. Congo

a. UN Congo chief Gardiner is on his way to New York to give headquarters what promises to be a somber report on the Katanga problem. His customary optimism was shaken by his recent meeting with Tshombé in Elisabethville. He told Ambassador Gullion that he sees little hope for negotiations on integration unless Tshombé can be brought back to the table knowing that "disagreeable alternatives" await him if they fail. The UN, the UK, Belgium, and the US, he says, should agree on what these would be.

b. Governor Williams went over just that ground at length with Spaak and other top Belgian officials late last week. Spaak indicated that he sees the need for the West to act quickly in order to hold back pressures for a radical solution. His proposal is for a blockade, organized through the UN, of the exit routes for Katanga's exports, in place of the scheme which would have the Union Minière cut off its tax payments to Tshombé.

2. Peru

a. The military junta's internal grip is about to face the first critical test as demonstrations and strikes continue to spread throughout the country, independent of the general strike scheduled to begin today. Haya de la Torre's APRA party, which will provide the core of the strike effort, has pledged of backing from nearly all sides, the chief exception being the Communists. The Communists thus find themselves in an awkward and mostly accidental alliance with the junta.

(Cont'd)

b. The best indications are that the military, in an attempt to reduce international opprobrium, will release President Prado from his shipboard confinement later this week when his term of office will have run out.

c. Within the hemisphere, only Haiti has recognized the regime. Brazil, however, while deploring what has happened and approving the US response, says it will sooner or later have to extend recognition to remain consistent with its traditional position in such matters.

3. Soviet nuclear test announcement

a. Editorial reaction outside the Bloc to Moscow's test resumption announcement generally scores the specious Soviet argumentation, but notes that the move was expected and expresses the hope that, with the final round out of the way, East and West can set about negotiating a test ban treaty in earnest.

b. The Soviet announcement does not set a date for resumption. We are not yet seeing the indications at the Arctic site which we would expect to have at least a week before new tests take place there. In the case of the Central Asian missile/nuclear test complex, however, we cannot count on having any prior forewarning.

50X1

4. Laos

a. The Pathet Lao, taking a page out of the Soviet book on Berlin, has proposed that Vientiane become a "neutral city," garrisoned by troops from the three factions. They can hardly mean this to be taken seriously, and it seems rather to be their way of skipping out on the agreement for stationing a composite battalion in the Plaine des Jarres. 50X1

b. [] Souphannouvong reneged on his original agreement on this score after making a trip back to Pathet Lao headquarters in Xieng Khouang, and we suspect that he had his knuckles rapped by some of his hard-core comrades who probably have more to say about Pathet Lao policy than he does.

c. Souphannouvong, who was pressed on the question of US prisoners in Pathet Lao hands by Forrestal in a meeting last Friday, is not willing to make any commitments on that point either.

5. Iran

The Shah will be very much in charge of the new Iranian government put together by Prime Minister Alam. It contains seven hold-overs from the Amini cabinet, including the foreign minister and the prime mover in the land reform program. Judging from its make-up, it will try to hold to Amini's general course in foreign policy and domestic reform, but we do not foresee the cut in military expenses needed if Iran is to ease its serious budgetary problems. As a first step, the Shah has anticipated opposition demands by ordering the new government to prepare for elections, but set no date.

6. Reaction to Norstad
resignation

The press in France and elsewhere in Europe is in nearly complete unison in tracing General Norstad's replacement to differences between him and Washington over a European nuclear force. Expressions of regret at his leaving predominate. The comment from Moscow, Peiping, and East Germany also plays on the nuclear policy angle as evidence both of Allied dissension and of NATO's aggressive bent.

7. Soviet mid-year economic
report

Moscow's figures on economic performance for the first half of this year (we generally find such things usable as far as they go) indicate that industrial output has climbed back to the planned level after a downward slide in 1961. The report claims that across-the-board performance is running at 103 percent of plan and that industrial production is up 10 percent and labor productivity up 6 percent from the same time last year. Agricultural output also seems to be up somewhat in certain categories. Light industry is not mentioned at all in the report and is presumably still well behind schedule.

8. Algeria

In a move designed to cut the political ground from under Ben Khedda, Ben Bella has created a 7-man political bureau which he declares is to be the rightful government of Algeria. Although this action sets the stage for Ben Bella to bring force into play, we think that he hopes in this way to cause Ben Khedda to cave in without a resort to arms.

NOTES

- A. In Djakarta, Mikoyan is helping the Indonesians rattle their own sabres. Yesterday, he told 50,000 of them that only force would get the Dutch out of New Guinea, "as the Portuguese were routed in Goa."
- B. Communists and other leftists in Ecuador have pretty well taken over the reins of the strike movement, now in its second week, and are trying to head it in the direction of serious violence. Most of the strikes are in protest against the central government's failure to provide funds for municipal payrolls and local development projects.

THE DIRECTOR OF CENTRAL INTELLIGENCE